



SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270-196, OMB Control No. 3235-0202]

Submission for OMB Review; Comment Request; Extension: Rule 15c2-11

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Securities and Exchange Commission
Office of FOIA Services
100 F Street, NE
Washington, DC 20549-2736

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (“PRA”) (44 U.S.C. 3501 et seq.) the Securities and Exchange Commission (“Commission”) has submitted to the Office of Management and Budget (“OMB”) a request for approval of extension of the previously approved collection of information provided for in Rule 15c2-11 (17 CFR 240.15c2-11) (“Rule”), under the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.).

Rule 15c2-11 governs the publication of quotations for securities in a quotation medium other than a national securities exchange (i.e., over the counter (“OTC”) securities). The Rule is designed to prevent broker-dealers from publishing or submitting quotations for OTC securities that may facilitate a fraudulent or manipulative scheme. Subject to certain exceptions, the Rule prohibits broker-dealers from publishing any quotation for a security or, directly or indirectly, submitting any quotation for publication, in a quotation medium unless they have reviewed specified information concerning the issuer.

Based on the current structure of the market, the Commission staff believes that the recordkeeping and review requirements under Rule 15c2-11¹ apply to 86 broker-dealers, one qualified interdealer quotation system (“Q-IDQS”), and one registered national securities

¹ In 2021, Commission staff issued a no-action letter, stating that the staff of the Division of Trading and Markets would not recommend enforcement action under certain conditions for quotations of certain fixed-income securities on the over-the-counter markets to allow for an orderly and good faith transition into compliance with Rule 15c2-11, as amended in 2020. In 2022, this letter was withdrawn by the issuance of a new (but consistent) no-action letter, which provides a temporary staff position that expires on January 4, 2025. Because it is widely understood that broker-dealers and other respondents are relying on this no-action position so that they do not need to comply with the requirements of Rule 15c2-11 for fixed income securities, the estimates contained herein are made with regard to equity securities only. Burden estimates that account for fixed income securities are, therefore, subject to change.

association.² Based on information provided by the Financial Industry Regulatory Authority, Inc. (“FINRA”), the Commission staff understands that in the 2022 calendar year, 377 Form 211 applications were filed to initiate the publication or submission of quotations of OTC securities:³ 60 of these Forms 211 concerned OTC securities of prospectus issuers, Regulation A (“Reg. A”) issuers, and reporting issuers; 258 concerned OTC securities of “exempt foreign private issuers”; and 59 concerned OTC securities of “catch-all issuers.” The collection of information that is submitted to FINRA for review and approval is currently not available to the public from FINRA.

The Commission staff’s estimates of the ongoing annual hour burdens associated with the information collection requirements prescribed in the Rule are summarized in the chart below.

Information Collection	Total Annual Burden Industrywide (Hours)
Recordkeeping associated with the initial publication or submission of a quotation in a quotation medium	26,231
Recordkeeping when relying on an exception under paragraph (f), that paragraph (b) information is current and publicly available	64,339
Recordkeeping obligations under unsolicited quotation exception under paragraph (f)(2)	537,954
Recordkeeping obligations regarding the frequency of a priced bid or offer quotation under paragraph (f)(3)(i)(A)	95,166
Recordkeeping obligations regarding determining shell status under the proviso in paragraph (f)(3)(i)(B)	64,339
Recordkeeping obligations regarding trading suspensions under the provision in paragraph (f)(3)(i)(B)	3
Recordkeeping obligations for the exceptions under paragraph (f)(5) – Asset Test	393
Recordkeeping obligations for the exceptions under paragraph (f)(5) – ADTV Test	99,053

² In calendar year 2022, 86 broker-dealers published quotations on OTC Markets Group’s systems. The Commission staff believes that this number reasonably estimates the number of broker-dealers that would engage in activities that would subject them to Rule 15c2-11. Based on the current structure of the market for quoted OTC securities, the Commission staff believes that only one Q-IDQS would engage in activities that would subject it to Rule 15c2-11. There currently is one registered national securities association. 86 broker-dealers + 1 Q-IDQS + 1 registered national securities association = 88 respondents.

³ A broker-dealer that initiates or resumes a quotation in an OTC equity security is subject to FINRA Rule 6432, which requires the broker-dealer to demonstrate compliance with, among other things, Rule 15c2-11 by filing Form 211. Given the alignment of this FINRA requirement and Rule 15c2-11, the Commission staff believes that the number of Forms 211 filed with FINRA in 2022 provides a reasonable baseline from which to estimate the burdens associated with the information review requirement under Rule 15c2-11.

Information Collection	Total Annual Burden Industrywide (Hours)
Recordkeeping obligations of broker-dealers relying on a Q-IDQS complying with information review requirement pursuant to paragraph (a)(1)(ii)	28
Recordkeeping obligations related to the creation of reasonable written policies and procedures under paragraph (a)(3)	20
Recordkeeping obligations of broker-dealers relying on publicly available determinations by Q-IDQSs or registered national securities associations pursuant to paragraph (d)(2)(ii)	93,003
TOTAL HOUR BURDEN FOR ALL RESPONDENTS	980,529

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

The public may view background documentation for this information collection at the following website: www.reginfo.gov. Find this particular information collection by selecting “Currently under 30-day Review—Open for Public Comments” or by using the search function. Written comments and recommendation for the proposed information collection should be sent by [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*] to (i) www.reginfo.gov/public/do/PRAMain and (ii) David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o John Pezzullo, 100 F Street, NE, Washington, DC 20549, or send an e-mail to: PRA_Mailbox@sec.gov.

Dated: June 12, 2023.

Sherry R. Haywood,

Assistant Secretary.

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